IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF OKLAHOMA

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In re:	:	**Chapter 11**
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NICHOLS BROTHERS, INC., et al. [1]	:	**Case No. 18-11123-M**
	:	
Debtors.	:	**(Jointly Administered)**

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REPORT OF DEBTOR, W.O. OPERATING COMPANY, LTD.,
CONCERNING THE SALE OF ASSETS TO SB ENERGY 1, LLC

1.   On January 11, 2019, W.O. Operating Company, Ltd. ("WO"), consummated the sale of substantially all of its assets to SB Energy 1, LLC ("SB"), pursuant to the Asset Purchase Agreement ("APA") approved by Order of this Court on November 26, 2018 [Dkt. No. 230]. Excluded from the sale were assets related to the Fee Lease.

2.   As a result of the sale, cash proceeds in the amount of $1 million were received by WO from SB. In addition, pursuant to the APA, WO expects receipt of proceeds from the sale of certain hydrocarbons in tanks prior to or at the time of sale from leases that were sold to SB in the near term.

WHEREFORE, WO submits this Report for purposes of advising the Court and parties-in-interest concerning consummation of the APA with SB, and demonstrating progress in efforts to monetize assets for the payment of creditor claims.

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[1] The debtors are Nichols Bros, Inc., Case No. 18-11123-M, NBI Properties, Inc., Case No. 18-11124-M, NBI Services, Inc., Case No. 18-11125-M, Ladder Companies, Inc., Case No. 18-11126-M, Red Water Resources, Inc., Case No. 18-11127-M, Cano Petro of New Mexico, Inc., Case No. 18-11128-M, and W.O. Operating Company, Ltd., Case No. 18-11129-M. The Court entered an order directing joint administration of these Chapter 11 cases on June 12, 2018. The debtors are collectively referred to as "Debtors" herein. Debtors Nichols Bros, Inc. and Ladder Company Inc. do not join in this request.

Respectfully submitted,

/s/ Gary M. McDonald

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